



# Montgomery County Council

*From the Office of Councilmember Steve Silverman*

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**For Immediate Release**

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Contact: Peggy Fitzgerald-Bare 240-777-7976

## **SILVERMAN PROPOSES TARGETED PROPERTY TAX CUT, AIMS TO FILL BUDGET HOLES CAUSED BY EHRLICH**

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Montgomery County Council President Steve Silverman today unveiled property tax relief targeted at those homeowners most in need and proposed a budget approach that would close gaps caused by the actions of Governor Ehrlich – including his property tax hike of last year.

“Harry Truman made his mark by saying ‘the buck stops here,’ but this Governor seems to believe ‘the buck stops there’ – meaning local government,” said Silverman.

“Bob Ehrlich raised property taxes last year by five cents per \$100 of assessed valuation – \$31.5 million in all or \$150 for a Montgomery homeowner whose home is assessed at \$300,000.

“Bob Ehrlich promised to fully fund education – and then cut the promised Thornton education funding to Montgomery County by \$15 million.

“Thanks to Bob Ehrlich, our County received only \$9 million in school construction money – out of nearly \$60 million worth of eligible projects to address overcrowded schools and needed modernizations.

(more...)

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“And Bob Ehrlich didn’t replace the \$300 million he took from the state Transportation Trust Fund last year. As a result of this year’s state actions on transportation, the only new state transportation projects we’ll see are an interchange at Rockville Pike and Montrose Parkway and a widening of part of Woodfield Road north of Gaithersburg in the coming year. Our needs – and our list – are much, much longer.

“In the 1960s, there was a saying: You are either part of the solution or part of the problem. Bob Ehrlich has decided to be part of the problem. The solution is our job.

“That’s why I’m introducing today a measure to expand Montgomery County’s circuit-breaker property tax credit program to give targeted tax relief to those with lower incomes or those who are living on fixed incomes.”

The property tax circuit breaker program relieves homeowners below a certain income level from paying more than a set percentage of their income for property taxes. Currently, it applies to the first \$150,000 of a home’s assessed value and tapers off at incomes above \$34,000.

The Silverman proposal expands the County circuit breaker program by increasing the covered amount of assessed value to \$300,000 and income levels to \$58,000.

The average credit under the program would increase from \$193 to \$968. The average income of those who participate would increase from \$25,500 to \$35,000.

Under the Silverman proposal, a household earning \$20,000 a year and owning a home worth \$159,466 could save \$562 in County property taxes. The maximum savings would be \$1275 for a household earning \$50,000 with a \$300,000 home.

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Silverman estimated the cost of the program at \$10 million for the coming year.

Silverman also outlined an approach to backfilling critical programs cut by the Governor. The Council will announce its final budget result on May 20 for the fiscal year that begins July 1 and is currently full-time in budget worksessions.

“First, we are looking at savings and efficiencies to help close the gap,” explained Silverman. “We have already continued for the coming year millions of dollars in program cuts contained in the past two years’ budget savings plans. And we are ‘scrubbing’ the budget for more.

“Secondly, we need to backfill critical needs in education, health and human services, and transportation – to make up for the Ehrlich cuts in school construction and operating funding and transportation I’ve mentioned.

“In health and human services, the state has pulled back and we are carrying more of the load for child welfare workers and mental health services. And the state has also left us holding the bag by cutting funding for substance abuse services for children and adolescents and senior services – where we hope to be able to fill the gap.

“I propose to close these gaps with approximately \$30 million in additional funding – or about one percent more than the County Executive’s proposed budget. Added to the \$10 million in property tax relief, that totals \$40 million.

I will be working with my colleagues on this approach and intend to pay for this by raising the County’s energy tax by a like amount, which would average out to about \$40 more per County household per year. The energy tax is more broadly-based and is also paid by federal facilities in the County, which otherwise are not taxed.

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***Attached find Council President Silverman’s memo to Councilmembers, as well as a chart with numbers on his property tax relief initiative.***